

# Resolution Capital Real Assets Fund - Class A

31 July 2022

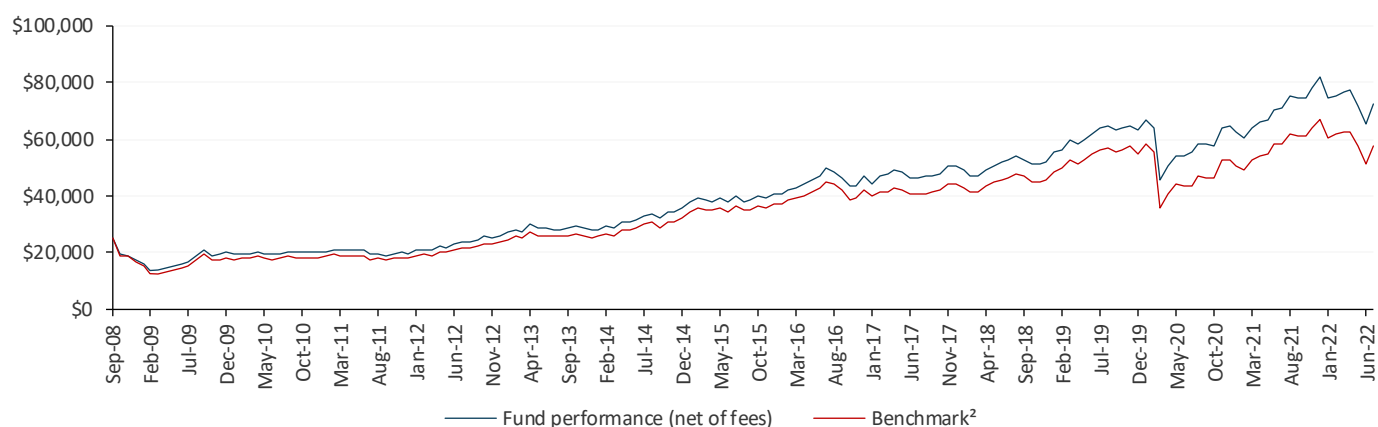


## Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Fund Return (Net Performance) <sup>1</sup>	10.87	-5.93	2.40	4.35	9.46	11.65	8.01
Benchmark <sup>2</sup> return	11.78	-8.40	-1.23	0.89	7.35	10.13	6.22
Value Added (Net Performance)	-0.91	2.47	3.63	3.46	2.11	1.52	1.79

Performance numbers less than one year are cumulative while numbers greater than one year are annualised.  
Past performance is no guarantee of future results.

## Growth of \$25,000 invested Since Inception\*



<sup>1</sup>Please note the strategy of the Fund changed effective 1 October 2019. The Resolution Capital Real Assets Fund was previously known as the Resolution Capital Core Plus Property Securities Fund. Past performance is no guarantee of future results.

<sup>2</sup>Benchmark is S&P/ASX 300 AREIT Total Return Index.

Source: Resolution Capital

## Top 5 Weights

Security Name	%
Goodman Group	19.06
Scentre Group	11.46
Mirvac Group	6.43
Vicinity Centres	5.84
Charter Hall Group	5.32

## Top 5 Contributors

Security Name	%
Goodman Group	2.95
Scentre Group	1.40
Charter Hall Group	0.89
Vicinity Centres	0.65
Mirvac Group	0.61

## Bottom 5 Contributors

Security Name	%
Atlas Arteria	-0.07
Terna - Trasmissione Elettrici	-0.06
Aena SME	-0.02
Healthpeak Properties	0.02
Vital Healthcare	0.02

## Fund Details

APIR code	WHT0014AU	Management Fee	0.65% p.a. plus 20% of outperformance above the benchmark
ARSN Code	131 850 363	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 September 2008	Distribution Frequency	Quarterly
Fund Size	\$46.4 Million	No. of Stocks	Generally 20 to 35
NAV per Unit	\$0.53	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	<a href="https://rescap.com/realassetsfund">https://rescap.com/realassetsfund</a>
Benchmark	S&P/ASX 300 AREIT Total Return Index	Investment Timeframe	Medium to long term, being 5 or more years

## Market Commentary

The S&P/ASX 300 A-REIT Total Return Index produced a total return of 11.8% for the month ended 31 July 2022, outperforming the Australian equities market by 5.8% (S&P/ASX300 Total Return Index).

In response to elevated inflationary pressures and a tightening labour market, the Reserve Bank of Australia raised the cash rate again by 0.5% to 1.35% in July, with further increases expected. The Australian unemployment rate dropped to 3.5%, the lowest since 1974. Long-term interest rates fell, supporting A-REITs given their sensitivity to debt costs.

Within A-REITs, industrial, self-storage and childcare outperformed whilst retail, office and diversified REITs lagged. Broadly, infrastructure underperformed real estate.

Key news included earnings updates and property transactions. With respect to earnings updates, diversified REIT Stockland (SGP) announced the completion of the sale of its retirement business and upgraded its FY22 earnings guidance to the top end of its target range. The divestment of the retirement business will return SGP to a tax paying position as tax losses are utilised, which is expected to be a 5-10% headwind to FY23 earnings.

National Storage REIT (NSR) upgraded FY22 earnings guidance by 5% on the back of strong leasing outcomes evidenced by 21% growth in revenue per available metre of space. This growth was driven by a combination of higher occupancy and rental rates. The upgraded earnings guidance reflects 24% growth on FY21.

Land lease community developer Ingenia (INA) announced it would meet the lower end of its previously announced FY22 earnings guidance range being 4-9% below FY21. Home settlements have been delayed due to bad weather and supply chain disruptions. INA reaffirmed its FY22-24 settlement target of 1,800-2,000 homes.

There were some significant transactions this month. Diversified REIT Mirvac (MGR) announced that unitholders had approved it replacing Collimate Capital, formerly AMP Capital, as manager of the \$7.7bn AMP Capital Wholesale Office Fund (A WOF). This is a blow to office landlord Dexus (DXS), which several months ago announced it would acquire Collimate's \$28bn domestic property and infrastructure funds management platform. It appears that other groups are attempting to snare a portion of the residual funds under management, so the consideration DXS ultimately pays will reduce accordingly.

Property fund manager Charter Hall (CHC) announced that one of its office funds had acquired a 50% stake in Melbourne's Southern Cross Towers precinct from Blackstone and Brookfield, representing a yield of ~4.5%.

Lendlease (LLC) and Mitsubishi Estate Asia jointly acquired the One Circular Quay residential/hotel development in Sydney for \$800m which is due to complete in FY27.

Lastly, industrial developer and fund manager Goodman (GMG) acquired a 50% stake in a JV with Brickworks comprising a \$416m portfolio of industrial manufacturing sites representing a ~4.3% yield.

Within infrastructure toll road operator Atlas Arteria reported that it had not provided Australian infrastructure investor IFM with access to non-public information it requested in order to make a bid for the company. The previous month IFM acquired a 15% stake in ALX for \$8.10 per share representing a 14% premium to the last share price. As a result, IFM has indicated "it is not presently in a position to meaningfully progress a proposal with ALX", but "reserves the right to recommence... in the future". To be continued.

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